

The Efficient Knowledge Market Proposition

The Efficient Knowledge Market Proposition or ‘We already knew that!’

Richard T. Watson
University of Georgia
Athens, GA USA

Stefan Seidel
University of Liechtenstein
Vaduz, Liechtenstein

Abstract

In a competitive economy companies are exposed to many ideas through an array of channels, including academics, consultants, vendors, journalists, case studies, and conference speakers. Competition forces companies to seek out and adopt successful practices in order to survive. Early adopters of a new practice might gain a short-term advantage, but the word soon spreads and many imitators emerge, though their success is dependent on the ease of embedding the innovation. Indeed, vendors and consultants actively promote new practices to expand their business. All this activity and sharing of ideas results in an efficient knowledge market, and most organizations quickly learn of new potential value creating practices. Practices are imitated and profit enhancing memes propagate rapidly. In essence, the market learns that $A \rightarrow B$ and implements intervention A.

We saw a rapid adoption of online retailing, for instance, once the Internet was commercialized. Etailing lowered costs and increased market reach for those who implemented it successfully. There was a much prognosticated shift towards electronic markets (e.g., Bakos, 1998), a bevy of books (Sterne, 1995) and articles (e.g., Quelch & Klein, 1996) on the strategic use of the Internet, and cases (e.g., Dutta, De Meyer, & Evrard, 1997) written about businesses exploiting the Internet. While companies vary in their ability to implement interventions, there is a discernible effect for widely adopted ideas. Thus, it is not surprising that some years after the adoption of a new practice, scholars report that $A \rightarrow B$, based on their statistical analysis of several years of data. This is no great surprise to practice, because scholars can only observe what practitioners have already learned. Consequently, many practitioners react to scholarly IS research with the comment, “We already knew that!”

The efficient knowledge market proposition argues that the market discovers that $A \rightarrow B$ and IS studies later confirm what the market already knows. This results in the market dismissing much of IS research as irrelevant.

The proposed TREO talk will discuss the proposition and our plans to evaluate it, both quantitatively and qualitatively. We are particularly interested in getting the audience’s thoughts on various ways to test the proposition.